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POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

RETAIL ACCESS OPTIMIZATION INITIATIVE	Docket No. N2011-1

SURREBUTTAL TESTIMONY OF

DAVID R. RUIZ

ON BEHALF OF

UNITED STATES POSTAL SERVICE

USPS-SRT-1

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Autobiographical Sketch

My name is David R Ruiz. I serve as an Operations Specialist, Field Operations Support, in the Office of Performance and Field Operations Support, Headquarters. I have served in this capacity since July 2008. In this position I have been an integral part of the development and implementation of the Headquarters Variance Programs. These management models provide complement, workhour, productivity, workload, route and delivery analysis. They calculate actual/earned performance based upon target productivities and trend performance from the unit to national levels. My current duties involve maintaining, updating and processing data from multiple postal systems into the Variance applications. I previously served as the Western Area Flats Sequencing System Project Manager; in this position I was responsible for the implementation of this new automated process and related equipment.

I began my employment with the Postal Service in 1976 as a casual clerk in the Santa Ana General Mail Facility, California Post Office. After becoming a Career Clerk in 1980, I became a maintenance employee as a Mail Processing Equipment Mechanic in 1984 and transferred to an Electronic Technician position two years later. My career in postal management began in 1990 as a Supervisor, Electronic Technicians, and then in 1991, I became a Senior Equipment Specialist in the Western Region. By 1993, I was a Maintenance Engineering Analyst. In 2001, I became an Operations Support Specialist, In-plant Support, still in the Western Area. In 2003, I became the Operations Requirements

Specialist, and in 2005, I became an Operations Program Analyst in Delivery Programs for the Western Area.

I. Purpose and Scope of Testimony

The purpose of my testimony is to explain the Small Office Variance (SOV) Program, which was implemented nationally in FY 2009 for operations in Cost Ascertainment Group (CAG) H to L offices. These are the smallest retail offices, as witnesses Artery (NAPUS-T-2) and Strong (NLPM-RT-1) generally observe; however, while these offices may lack certain equipment, their workload is recorded, tracked, reported, and updated with great accuracy using SOV, which verifies data accuracy weekly. As such, these two witnesses' criticisms of SOV lack merit.

I describe what the SOV is, what it does, how it is used, the reliability of its data and the integrity of its operation. I also touch briefly on how it evolved to its current state, and how it next may change. While SOV may have been used to help nominate particular retail units for inclusion in RAOI, it is also an integral part of postal data systems which work together to ensure that management and operations decisions are based upon accurate, helpful data that ensure and facilitate good decisions, thereby driving improved efficiency of operations. I am quite confident that SOV data used to nominate RAOI offices for possible discontinuance are precise and accurate, and therefore appropriately relied upon for that purpose.

II. What is SOV?

SOV is the CAG H to L customer service operations management model that provides complement, workhour, productivity and workload analyses. It

calculates earned versus actual performance against standardized target productivity expectations and performance trends, from the retail unit level to national results. It integrates data from the same sources used throughout the Postal Service to identify savings opportunities in a relevant and actionable performance management platform.

III. What does SOV provide for the organization?

SOV enhances the Postal Service's ability to drive proactive management decisions in a dynamic workload environment via a standardized, intuitive format. SOV visibility provides a performance view from the unit level to a national rollup, and all levels in between; the integrated view of business activity it provides thus facilitates management decisions from the unit level to the executive leadership team.

IV. How it is used in the organization

SOV is used by unit management to determine appropriate staffing requirements, workhour usage, efficiency measurement and workload trends. In other words, unit managers use SOV to project how many employees are needed to complete the work expected for each portion of each day, and which tasks will take how many hours. By allowing analysis of deviations from plan, SOV enables management to determine how efficiently operations were managed and what changes in workload to expect from day to day, week to week, month to month, and year to year. By improving data quality over time, our

ability to discern opportunities for gaining additional efficiency in operations also improves.

SOV also serves as a secondary source to ensure accurate data resides in other postal systems. The general need for verification, and secondary checks on primary systems, is driven by management's need for accurate data, which parallels requirements imposed by SOX. SOV generates data that confirm (or suggest the need for further verification) of routes and deliveries in the Address Management System (AMS), workload and workhours from eFlash, and on–the-rolls complement from Webcoins. Management decisions in the Postal Service are very much data driven, so the capability of SOV to help verify these other data systems is part of our structured data environment, which also serves to confirm that SOV's own data are accurate—and therefore properly used as the foundation for management decisions and input into to other postal performance measurement and tracking systems.

V. The Reliability and Integrity of the SOV Program and its Data

SOV receives a weekly Assured File Transfer (AFT) (a tool for verifying accurate data transmittal) from eFlash, Webcoins, AMS, Retail Data Mart (RDM), Accounting Data Mart (ADM) and the Facilities Data Base (FDB). The eFlash data, reconciled year to date, contain workhours by labor distribution code, for letters, flats and parcels mail distribution, including to box sections. Webcoins contains current on-the-rolls complement (employees). AMS contains route and delivery point information. RDM contains Point of Sale (POS) information, which includes transactions, number of sales and service associates (SSAs), and

earned retail workhours. ADM contains Walk-in Revenue (WIR) for non-POS sites. FDB contains unit information, which includes unit level opening and closing times, mail arrival profiles, and critical entry times. The data from these systems are used in concert along with nationally accepted productivity factors to determine the values of the workload content at the unit level.

In its first year (2009), SOV finished at 96 percent achievement with 18,416 offices in the program. Percent achieved is a measure of how closely SOV offices perform to earned hours, or earned hours divided by total actual hours. In the second year, although the bar was raised under the principle of continuous improvement, SOV offices were able to average 95 percent achieved. In the year just ending (FY2011), without raising the bar (hence maintaining the current standards), SOV offices ended the year at 97 percent achieved nationally.

VI. Evolution of the SOV Program

Prior to the advent of SOV, no means existed for viewing a consolidated unit profile that included current complement, workhours, workload content, unit level, routes and deliveries, mail arrival information, and hours of operation. To evaluate performance prior to SOV, units compared current workhour usage to the same period last year (SPLY) and/or to planned workhours. In addition, complement requirements were based on a multitude of different methods across the organization.

The lack of a standardized view and methodology created a need to consolidate and organize this information. To accomplish this, necessary data elements had to be identified and acquired from various postal systems. Initial data available to SOV provided routes and deliveries, workhours, unit hours of operation, current on–the-rolls complement, and retail workload. The requisite data processing infrastructure was created, tested, implemented and verified. At first unavailable to SOV were distribution and box section workload, *i.e*., letters, flats and parcel volumes at the unit level.

At the next opportunity, the operational need for accurate and complete workload values in SOV was resolved by integrating additional line items into eFlash which gave the ability to report weekly letter, flat and parcel workload.

Educating field personnel was a big part of that project, because without understanding of what data were needed and why, simply adding the additional lines of code would not have sufficed. With education, the needs for data integrity and accountability were driven deep into workforce understanding, thereby helping us to produce a reliable and relevant SOV program.

SOV now integrates locally reported unit workload from national postal data systems. Consistent with the other suite of variance programs, we strive to incorporate the newest available best practices, improve data hygiene, and apply the principle of continuous improvement. In addition we are continually adding newly available postal system data sources that further improve site-specific performance measurement within the program.

VII. Specific Responses to Witness Criticisms

I have addressed various witness criticisms in the body of my discussion above. However, I want to make those points specific, with the consequence that some are repeated below.

The claim is made that SOV is not updated to capture new data.[1] Sometimes errors in any system's data are corrected; as such, it can be important to ensure such corrections also populate systems that rely upon an initial data recordation. This is accomplished in SOV by its re-updating of all year-to-date data during each weekly update cycle. As such, the claimant evidently is not familiar with current procedures. An even more fundamental criticism, that SOV does not capture actual workload,[2] also misses the mark as I have explained above. Today, SOV collects earned workload data from eFlash, POS, IRT and AMS; administrative workload is collected from Automation, Distribution, Boxing, Retail and Delivery.

Another witness criticism is that clerk and letter carrier scanning data for parcels, Express Mail, Premium Forwarding Service and similar are not

[1] *Rebuttal Testimony of Curt Artery On Behalf of The National Association of Postmasters of the United States* (NAPUS-T-2), PRC Docket No. N2011-1 (September 26, 2011) (Artery Testimony) at 2 ("One of the concerns I have with regard to the SOV is that the system is not periodically updated to integrate new data, and, therefore, is not current or accurate").

[2] *See* Artery Testimony at 2 ("The Postal Service fails to use … tools t[hat] measure actual workload; rather, the Postal Service uses a much coarser and inaccurate tool: the SOV"); *Rebuttal Testimony of Mark Strong on behalf of the National League of Postmasters of the United States* (NLPM-RT-1), PRC Docket No. N2011-1 (September 26, 2011) at 27-28 ("some of the hours that a postmaster works are not even being captured by the data systems and … the methodology used to calculate other hours is fundamentally flawed, resulting in data being skewed").

incorporated into SOV.[3] SOV already addresses this criticism, using the same strategy employed in its parent program, CSV. This methodology allocates credit based on the level of an office, ranging from 25 to 75 scans per day. So while SOV does address this issue, the Postal Service nonetheless recognizes room for additional opportunities to improve its data quality. Automated scanning data are available through the Product Tracking System (PTS); this is on our "to do" list and may be accomplished at the next opportunity. Funding, however, is rather tight at the moment.

The specific claim that SOV does not collect workload associated with form PS-1412 (*Daily Financial Report*, daily reports of verified facility-specific financial information)[4] is also incorrect. SOV credits validation of form 1412 based on a sliding scale of transaction activity. In addition, SOV credits 33 minutes per day to every office for verifying, depositing and transmitting form 1412 data.

Another witness criticism of SOV data collection touches on form PS-1412 validation, mail cancellation, scanning, function 4 audits, and caller service.[5] SOV does credit form 1412 validation and scanning, as discussed above. Cancellation data can be recorded, but requires manual input to do so. Thus, we have a little

[3] *See* Artery Testimony at 2 ("deficiencies [of SOV] include scanning Express Mail, Priority, parcel, parcel select, parcel return, parcel tracking, cancelling, and premium forwarding").
[4] *See* Artery Testimony at 3 ("SOV also does not capture workload needed to validate 'Financial Form 1412,' with regard to Sarbanes-Oxley Act (SOX) compliance").
[5] Artery Testimony at 3 ("In sum, [P]ost [O]ffices are not receiving credit for required functions[, including] web-based programs, 1412 validation, canceling mail, scanning, function 4 audits, and caller service").

room for future improvement here. As noted, we have a list of items that warrant future attention as resources allow.

The criticism that SOV time standards conflict with those in point-of-sale (POS) offices is trivially correct, but the criticism is still invalid.[6] SOV relies upon values recorded by POS for all POS offices; for non-POS offices, SOV follows the same methodology POS uses, which entails calculating the same fields created and used in POS.

VIII. Conclusion

Postal Service variance programs help bring operational data to bear as decision making support tools. Today, decisions throughout the Postal Service operations, including delivery and retail operations, are very much data driven. Most of the criticisms lodged against SOV are outdated or simply off the mark. But we remain focused upon opportunities for future improvement both in data systems, and decision support infrastructure, when the time comes.

[6] While POS does track actual time used for transactions, earned values are calculated based on time standards for each transaction type. POS actually reports workload using the time standards, as SOV does.